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REDACTED – FOR PUBLIC INSPECTION

**VIA OVERNIGHT DELIVERY**

June 25, 2014

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

Received & Inspected

JUN 27 2014

FCC Mail Room

RE: **REQUEST FOR CONFIDENTIAL TREATMENT** – *Connect America Fund*, WC Docket No. 10-90;  
*Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42

Request that Information Submitted to the Commission be Withheld from Public Inspection Pursuant to 47 C.F.R. §0.459 and 5 U.S.C. §552(b)(4): Five-Year Service Quality Improvement Plan included in FCC Form 481

Confidential Financial Information – Subject to Protective Order in WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Before the Federal Communications Commission

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, Peoples Telephone Cooperative, Inc. (the Cooperative), Study Area Code 442065, is submitting a completed FCC Form 481 to the Commission via its Electronic Comment Filing System (ECFS) in WC Docket Nos. 10-90 and 11-42. The Cooperative, by its authorized representative, hereby requests confidential treatment of two attachments to its FCC Form 481: (1) the five-year service quality improvement plan and (2) the financial annual report, both of which were redacted in the ECFS submission. The request for confidential treatment of the five-year plan is being made pursuant to section 0.459 of the Commission's rules and Exemption 4 of the Freedom of Information Act (FOIA). The request for confidential treatment of the financial annual report is being made pursuant to the FCC's November 16, 2012 *Protective Order* in WC Docket No. 10-90 *et al.* These attachments contain competitively sensitive data that Peoples Telephone Cooperative, Inc. maintains as confidential and does not normally make available to the public. Release of this information would have a substantial negative impact on the Cooperative.

No. of Copies rec'd 041  
List ABCDE

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**Five-Year Service Quality Improvement Plan**

Pursuant to section 0.459 of the Commission's rules and Exemption 4 of FOIA, Peoples Telephone Cooperative, Inc. requests that the text and data extracted from its five-year service quality improvement plan be withheld from public inspection because it contains competitively sensitive commercial and financial information that the Cooperative keeps confidential. Public availability of this information would have a substantial negative impact on the Cooperative.

In accordance with section 0.459 of the Commission's rules, the following information is provided in support of this request:

- (1) Identification of the specific information for which confidential treatment is sought:

Attachment to Line 112 of FCC Form 481 - Five-Year Service Quality Improvement Plan. Specifically, confidential treatment is sought for all information in the five-year plan related to the Cooperative's access line counts, existing broadband capabilities, and its network investment plans through 2019 that will improve service quality for its customers.

- (2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission:

The information was submitted in WC Docket Nos. 10-90 and 11-42 as an attachment to FCC Form 481- the Carrier Annual Reporting Data Collection Form. Section 100 of FCC Form 481 requires incumbent local exchange carriers receiving high cost support to attach a five-year service quality improvement plan, pursuant to 47 C.F.R. §§54.202(a)(1)(ii) and 54.313(a)(1).

- (3) Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged:

The five-year service quality improvement plan contains granular information on the Cooperative's access line counts and existing broadband capabilities as well as detailed plans for financial investments in its network through 2019 to improve service to subscribers. This is closely guarded, privileged information that the Cooperative does not make publicly available.



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- (4) Explanation of the degree to which the information concerns a service that is subject to competition:

Broadband is subject to increasing competition in the areas served by rural, rate-of-return incumbent local exchange carriers (RLECs). Virtually all RLECs face competition from one or more wireless Internet service providers. Most RLECs also face competition from at least one other wireline broadband provider such as a larger cable company, who will typically seek to "cherry pick" the lower cost portions of the study area. In addition, all RLECs face competition throughout their territories from satellite broadband providers.

- (5) Explanation of how disclosure of the information could result in substantial competitive harm:

Disclosure of the information contained in the five-year plan would provide competitors with detailed, granular information regarding the Cooperative's access line count, its existing broadband capabilities, and its strategic plans for network investments. This would give competitors invaluable confidential information with which to develop their own strategies for investing in the service area, thereby bringing substantial competitive harm to the Cooperative.

- (6) Identification of any measures taken by the submitting party to prevent unauthorized disclosure:

The Cooperative has continually treated the extracted information in its five-year plan as confidential and carefully controls the information to protect it from competitors. Access to the information is limited to employees that require it and to non-employees with confidentiality obligations such as lenders, consultants, auditors, and attorneys. In addition, when such information is required to be submitted to a state regulatory authority it has been filed as confidential information, not available to the public.

- (7) Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties:

The redacted information in the five-year plan is not available to the public, and third party access is limited as described in (6) above.

- (8) Justification of the period during which the submitting party asserts that material should not be available for public disclosure:

The Cooperative requests that the extracted information be withheld from public inspection indefinitely. Although the information reflects the Cooperative's service improvement plans for a five year period, it would provide a very useful baseline for competitors for several years beyond that period.

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- (9) Any other information that the party seeking confidential information treatment believes may be useful in assessing whether its request for confidentiality should be granted:

Exemption 4 of FOIA shields from public disclosure commercial or financial information obtained from a person that is privileged or confidential. Based on the responses provided above, the information in question satisfies this test.

**Financial Annual Report**

Section 3005 of FCC Form 481 requires a privately-held rate-of-return carrier receiving high cost support to attach a full and complete annual report of the Cooperative's financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). Peoples Telephone Cooperative, Inc. seeks confidential treatment of its financial annual report pursuant to the November 16, 2012 *Protective Order* in WC Docket No. 10-90, *et al.*<sup>1</sup> The *Protective Order* specifically covers information filed pursuant to 47 C.F.R. §54.313(f)(2).

Peoples Telephone Cooperative, Inc. is providing to the Office of the Secretary, under seal, this cover letter and the Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

Each page of the five-year service quality improvement plan confidential submission bears the legend, "CONFIDENTIAL – NOT FOR PUBLIC DISCLOSURE."

Each page of the financial annual report confidential submission bears the legend, "CONFIDENTIAL FINANCIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-135, 05-337, 03-109, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

Two copies of the Form 481 filing in redacted form and an accompanying cover letter are also being provided with the confidential filing. Each page of the redacted filing and accompanying cover letter is marked "REDACTED – FOR PUBLIC INSPECTION."

Two copies of this cover letter and the Form 481 filing with the confidential information are also being delivered to Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau.

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as an attachment to the FCC Form 481.

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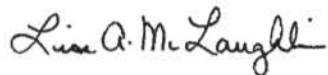
<sup>1</sup> *Connect America Fund et al.*, WC Docket No. 10-90 *et al.*, Protective Order, DA 12-1857 (rel. Nov. 16, 2012).

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This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Lisa A. McLaughlin".

Lisa A. McLaughlin  
Authorized Representative for  
Peoples Telephone Cooperative, Inc.

LAM/pjf

Enclosures

cc: Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau,  
Federal Communications Commission, (2 hardcopies of non-redacted submission)  
Mr. Steven Steele, Peoples Telephone Cooperative, Inc.



**FCC Form 481 - Carrier Annual Reporting  
Data Collection Form**

 FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010> Study Area Code 442130

<015> Study Area Name PEOPLES TEL COOP -TX

<020> Program Year 2015

<030> Contact Name: Person USAC should contact with questions about this data Gena von Reyn

<035> Contact Telephone Number: 9038783172 ext. Number of the person identified in data line <030>

<039> Contact Email Address: genavr@peoplescom.net Email of the person identified in data line <030>

Received &amp; Inspected

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FCC Mail Room

ANNUAL REPORTING FOR ALL CARRIERS		54.313 Completion Required	54.422 Completion Required
		(check box when complete)	
<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<300> Unfulfilled Service Requests (voice) 0		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<310> Detail on Attempts (voice)	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<320> Unfulfilled Service Requests (broadband) 11		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330> Detail on Attempts (broadband) 442130tx330.pdf	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410> Fixed 3.0E-7		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420> Mobile 0.0		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<440> Fixed 0.0		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<450> Mobile 0.0		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> 442130TX510.pdf	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> 442130TX610.pdf	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)?	(if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000> Voice Services Rate Comparability	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1010> 442130tx1010.pdf	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1100> Terrestrial Backhaul (Y/N)?	(if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet**

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000> (check to indicate certification)

<2005> (complete attached worksheet)

**Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet**

<3000> (check to indicate certification)

<3005> (complete attached worksheet)

**(100) Service Quality Improvement Reporting  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	genavr@peoplescom.net

<110> Has your company received its ETC certification from the FCC? (yes / no) ☐ ☒

If your answer to Line <110> is yes, do you have an existing §54.202(a) "5  
<111> year plan" filed with the FCC? (yes / no) ☐ ☐

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

442130TX112.pdf

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document

Please check these boxes below to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113> Maps detailing progress towards meeting plan targets

<114> Report how much universal service (USF) support was received

<115> How (USF) was used to improve service quality

<116> How (USF) was used to improve service coverage

<117> How (USF) was used to improve service capacity

<118> Provide an explanation of network improvement targets not met in the prior calendar year.


FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	genavr@peoplescom.net

<220>      <a>      <b1>      <b2>      <b3>      <b4>      <c1>      <c2>      <d>      <e>      <f>      <g>      <h>

[illegible]



(700) Price Offerings Including Voice Rate Data  
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP - TX
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Genav von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	genav@peoplescom.net

<701> Residential Local Service Charge Effective Date  
<702> Single State-wide Residential Local Service Charge

1/1/2014

[illegible]

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

[illegible]

**(800) Operating Companies**

### Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	genavr@peopleacom.net
<810>	Reporting Carrier	Peoples Telephone Cooperative, Inc.
<811>	Holding Company	none
<812>	Operating Company	none

[illegible]



**(900) Tribal Lands Reporting  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	genavr@peoplescom.net

&lt;910&gt; Tribal Land(s) on which ETC Serves

&lt;920&gt; Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- |   |   |
|---|---|
| <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.<br><922> Feasibility and sustainability planning;<br><923> Marketing services in a culturally sensitive manner;<br><924> Compliance with Rights of way processes<br><925> Compliance with Land Use permitting requirements<br><926> Compliance with Facilities Siting rules<br><927> Compliance with Environmental Review processes<br><928> Compliance with Cultural Preservation review processes<br><929> Compliance with Tribal Business and Licensing requirements. | <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Select<br/>(Yes, No,<br/>NA)</div> <div style="border: 1px solid black; height: 100px; position: relative;"> <div style="position: absolute; top: 0; left: 0; right: 0; bottom: 0; background: repeating-linear-gradient(45deg, transparent, transparent 2px, black 2px, black 4px);"></div> </div> |
|---|---|

**(1100) No Terrestrial Backhaul Reporting  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	genavr@peoplescom.net

<1120> Please check this box to confirm no terrestrial backhaul  
options exist within the supported area pursuant to § 54.313(G) ☐

<1130> Please check this box to confirm the reporting carrier offers  
broadband service of at least 1 Mbps downstream and 256 kbps  
upstream within the supported area pursuant to § 54.313(G) ☐

**(1200) Terms and Condition for Lifeline Customers****Lifeline****Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	genavr@peoplescom.net

&lt;1210&gt; Terms &amp; Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

&lt;1220&gt; Link to Public Website

HTTP [//peoplescom.net/support/telephone-faq/](http://peoplescom.net/support/telephone-faq/)

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒
- <1222> Details on the number of minutes provided as part of the plan, ☒
- <1223> Additional charges for toll calls, and rates for each such plan. ☒



## (2000) Price Cap Carrier Additional Documentation

## Data Collection Form

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	genavre@peoplescom.net

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

## Incremental Connect America Phase I reporting

<2010> 2nd Year Certification (47 CFR § 54.313(b)(1))  
 <2011> 3rd Year Certification (47 CFR § 54.313(b)(2))

☐  
☐

## Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))

<2012> 2013 Frozen Support Certification  
 <2013> 2014 Frozen Support Certification  
 <2014> 2015 Frozen Support Certification  
 <2015> 2016 and future Frozen Support Certification

☐  
☐  
☐  
☐

## Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))

<2016> Certification Support Used to Build Broadband

☐

## Connect America Phase II Reporting (47 CFR § 54.313(e))

<2017> 3rd year Broadband Service Certification  
 <2018> 5th year Broadband Service Certification  
 <2019> Interim Progress Certification  
 <2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

☐  
☐  
☐  
☐

<2021> Interim Progress Community Anchor Institutions

Name of Attached Document Listing Required Information

**(3000) Rate Of Return Carrier Additional Documentation**  
**Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010> Study Area Code	442130
<015> Study Area Name	PEOPLES TEL COOP -TX
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Gena von Rayn
<035> Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	genavr@peoplescom.net

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

- (3010) Progress Report on 5 Year Plan  
 Milestone Certification (47 CFR § 54.313(f)(1)(i))

Name of Attached Document Listing Required Information

- (3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. ☐

- (3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))

Name of Attached Document Listing Required Information

- (3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2)) ☐ (Yes/No)  
 (3014) If yes, does your company file the RUS annual report ☐ (Yes/No)

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

- (3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers) ☐  
 (3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☐

- (3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required Information

- (3018) If the response is no on line 3014, is your company audited? ☐ (Yes/No)

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

- (3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications ☒  
 (3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☒  
 (3021) Management letter issued by the independent certified public accountant that performed the company's financial audit. ☒

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

- (3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers, ☐  
 (3023) Underlying information subjected to a review by an independent certified public accountant ☐  
 (3024) Underlying information subjected to an officer certification. ☐  
 (3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☐

442130tx3026.xls, 442130tx3026.pdf

- (3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	442130
<015> Study Area Name	PEOPLES TEL COOP -TX
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035> Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	genavr@peoplescom.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

<b>Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients</b>	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: PEOPLES TEL COOP -TX	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/24/2014
Printed name of Authorized Officer: Sharon Hurley	
Title or position of Authorized Officer: Manager of Regulatory Affairs	
Telephone number of Authorized Officer: 9038783144 ext.	
Study Area Code of Reporting Carrier: 442130	Filing Due Date for this form: 07/01/2014
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	



**Certification - Agent / Carrier  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

<010> Study Area Code	442130
<015> Study Area Name	PEOPLES TEL COOP -TX
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035> Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	genavz@peoplescom.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

## **Attachments**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP - TX
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	genav@peoplescom.net

<701> Residential Local Service Charge Effective Date  
<702> Single State-wide Residential Local Service Charge

1/1/2014

<703>

[illegible]



(710) Broadband Price Offerings  
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

**July 2013**

<010>	Study Area Code	442130
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<015>	Study Area Name	PEOPLES TEL COOP -TX
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<020> Program Year	2015
--------------------	------

<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
-------	---	---------------

<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
-------	---	-----------------

<039>	Contact Email Address - Email Address of person identified in data line <030>	genavre@peoplescom.net
-------	---	------------------------

<711>      <a1>              <a2>              <b1>              <b2>              <c>              <d1>              <d2>              <d3>              <d4>

[illegible]

### Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	genav@peoplescom.net

<810>	Reporting Carrier	Peoples Telephone Cooperative, Inc.
<811>	Holding Company	none
<812>	Operating Company	none

<813>	<a1>	<a2>	<a3>
	Affiliates	SAC	Doing Business As Company or Brand Designation
	Texas RSA 7B3, Inc.	449048	Peoples Wireless
	FEC Communications	449009	ConNEXtions Telcom

**LINE 112 – FIVE-YEAR SERVICE QUALITY IMPROVEMENT PLAN**

Following is the initial five-year service quality improvement plan for Peoples Telephone Cooperative, Inc. ("Peoples" or "the Cooperative") pursuant to 47 C.F.R. § 54.202(a)(1)(ii) that requires an eligible telecommunications carrier (ETC) to describe proposed improvements or upgrades to the ETC's network throughout its service area. The *USF/ICC Transformation Order* establishes a public interest obligation for rate-of-return ETCs to provide broadband service at speeds of at least 4 Mbps downstream and 1 Mbps upstream (4:1) "upon reasonable request." A service quality improvement plan cannot project where in the service area reasonable requests will be made. However, the proposed service improvements in this plan result in the availability of 4:1 or better service to a greater portion of the Cooperative's service area than is currently available.

Although this plan is a good faith effort by the Cooperative, it is subject to change, given the uncertainty faced by ETCs regarding whether capital investments will be recoverable over the five year planning horizon. Factors that may affect the capital improvements plan include erosion of the customer base due to competition, alternative technologies, economic conditions in the service area, and unpredictable changes in the universal service support amounts an ETC receives.


Peoples owns and operates thirteen exchanges serving subscribers in north eastern Texas. The service area includes portions of Camp, Delta, Fannin, Franklin, Hopkins, Hunt, Lamar, Titus, Upshur, and Wood counties. This service area covers approximately 842 square miles.



## Baseline Network Description



*Table 1 – Current Broadband Capabilities*

Exchange Name	Total Square Miles	Total Existing Access Lines	Estimated Total Population Served	Broadband Capable Lines	Estimated Broadband Capable Population	% Broadband Capable
						

## 2014 – 2019 Service Quality Improvement Plan

Table 2 provides Peoples' intended service quality improvements and associated capital expenditures for 2014 – 2019, by exchange, along with estimates of the population that will be served by the improvements.

*Table 2 – Service Quality Improvement Plan*

Exchange	Description of Improvement	2014	2015	2016	2017	2018	2019	Estimated Population Served by Improvements
----------	----------------------------	------	------	------	------	------	------	---



Narrative Description: 2014 - 2015

[REDACTED]

Cypress Springs, Sandy Creek, & Wynne

[REDACTED]

Glade Branch & Yantis

[REDACTED]

System Level

[REDACTED]



Narrative Description: 2016 - 2019



LINE 330 - DETAIL ON ATTEMPTS (BROADBAND)

Peoples Telephone Cooperative, Inc. (the Company) strives to serve every customer who requests service. In the event a customer is beyond reach in any of its service areas, Peoples will try to reach the customer by adding a booster to the line.

**LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE**

Peoples Telephone Cooperative, Inc. (the Company) complies with applicable service quality standards and consumer protection rules as required by the state regulatory commission and the Federal Communications Commission.

The rates, terms, and conditions under which the Company operates are outlined in its Local Exchange Tariff, which is approved by the state commission. The Company's tariff contains provisions regarding its customer service and protection practices, including resolving disputes with the Company, applying for service, the classification of business and residential rates, deposits, billing and payment for service, refusal, disconnection and cancellation of service. The tariff is available for customer review in the Business Office, as requested. Rates and terms of service are disclosed to customers upon application for service both verbally and in writing as part of a packet of information for new customers. Rates, applications and certain terms of service are also available on the Company's website.

Service quality standards are established by the state commission and the Company consistently meets or exceeds the standards and provides reports to the state commission, in accordance with the state commission's rules.

The protection of customers' privacy and information is of utmost importance and the Company has a policy and established operating procedures that comply with the FCC's Customer Proprietary Network Information Rules (47 C.F.R. §§64.2001-64.2011). Certification and a description of those operating procedures are filed at the FCC annually.



## **LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS**

Peoples Telephone Cooperative, Inc. (the Company) is able to function in emergency situations. The Company has a reasonable amount of back-up power to ensure functionality without an external power source. Peoples' system is reinforced by battery back-ups installed at its headquarters office and generators at its central offices. The Company also has numerous portable generators that are available to be moved to any of the remote office sites. In addition, the central & remote office sites are constantly monitored by the switch which alerts the answering service dispatch in the event trouble is detected. The network is capable of managing traffic spikes resulting from emergency situations.

Peoples' is able to reroute traffic around damaged facilities. Although the Company's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

## **LINE 1010 - DESCRIPTIVE DOCUMENT FOR VOICE SERVICES RATE COMPARABILITY**

Peoples Telephone Cooperative, Inc.'s rates are at the current national benchmark established in July 2013 and are below the national benchmark announced for 2015. Therefore, we are not more than two standard deviations above the applicable national average urban rate.

<b>(3005a) Operating Report for Privately-Held Rate of Return Carriers</b>		<b>FCC Form 481</b>	
<b>Balance Sheet - Data Collection Form</b>		<b>OMB Control No. 3060-0986</b>	
<b>Page 1 of 3</b>		<b>July 2013</b>	
<010> Study Area Code	<010> [REDACTED]	<015> Study Area Name	<015> [REDACTED]
<020> Program Year	<020> [REDACTED]	<030> Contact Name - Person USAC should contact regarding this data	<030> [REDACTED]
<035> Contact Telephone Number - Number of person identified in data line <030>	<035> [REDACTED]	<039> Contact Telephone Email Address - Email Address of person identified in data line <030>	<039> [REDACTED]
<input type="checkbox"/> Filed as reviewed single company <input type="checkbox"/> Filed as reviewed consolidated company <input type="checkbox"/> Filed as subsidiary of reviewed consolidated company		<input checked="" type="checkbox"/> Filed as audited single company <input type="checkbox"/> Filed as audited consolidated company <input type="checkbox"/> Filed as subsidiary of audited consolidated company	

<b>CERTIFICATION</b>			
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.			
Signature	[REDACTED]	Date	[REDACTED]

PART A. BALANCE SHEET					
ASSETS		BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	
		BALANCE PRIOR YEAR	BALANCE END OF PERIOD		
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>	
1.	Cash and Equivalents			25.	Accounts Payable
2.	Cash-RUS Construction Fund			26.	Notes Payable
3.	Affiliates:			27.	Advance Billings and Payments
a.	Telecom, Accounts Receivable			28.	Customer Deposits
b.	Other Accounts Receivable			29.	Current Mat. L/T Debt
c.	Notes Receivable			30.	Current Mat. L/T Debt-Rur. Dev.
4.	Non-Affiliates:			31.	Current Mat.-Capital Leases
a.	Telecom, Accounts Receivable			32.	Income Taxes Accrued
b.	Other Accounts Receivable			33.	Other Taxes Accrued
c.	Notes Receivable			34.	Other Current Liabilities
5.	Interest and Dividends Receivable			35.	Total Current Liabilities (25 thru 34)
6.	Material-Regulated			<b>LONG-TERM DEBT</b>	
7.	Material-Nonregulated			36.	Funded Debt-RUS Notes
8.	Prepayments			37.	Funded Debt-RTB Notes
9.	Other Current Assets			38.	Funded Debt-FFB Notes
10.	Total Current Assets (1 Thru 9)			39.	Funded Debt-Other
<b>NONCURRENT ASSETS</b>				40.	Funded Debt-Rural Develop. Loan
11.	Investment in Affiliated Companies			41.	Premium (Discount) on L/T Debt
a.	Rural Development			42.	Reacquired Debt
b.	Nonrural Development			43.	Obligations Under Capital Lease
12.	Other Investments			44.	Adv. From Affiliated Companies
a.	Rural Development			45.	Other Long-Term Debt
b.	Nonrural Development			46.	Total Long-Term Debt (36 thru 45)
13.	Nonregulated Investments			<b>OTHER LIAB. &amp; DEF. CREDITS</b>	
14.	Other Noncurrent Assets			47.	Other Long-Term Liabilities
15.	Deferred Charges			48.	Other Deferred Credits
16.	Jurisdictional Differences			49.	Other Jurisdictional Differences
17.	Total Noncurrent Assets (11 thru 16)			50.	Total Other Liabilities and Deferred Credits (47 thru 49)
<b>PLANT, PROPERTY, AND EQUIPMENT</b>				<b>EQUITY</b>	
18.	Telecom, Plant-in-Service			51.	Cap. Stock Outstanding & Subscribed
19.	Property Held for Future Use			52.	Additional Paid-in-Capital
20.	Plant Under Construction			53.	Treasury Stock
21.	Plant Adj., Nonop. Plant & Goodwill			54.	Membership and Cap. Certificates
22.	Less Accumulated Depreciation			55.	Other Capital
23.	Net Plant (18 thru 21 less 22)			56.	Patronage Capital Credits
24.	<b>TOTAL ASSETS (10+17+23)</b>			57.	Retained Earnings or Margins
				58.	Total Equity (51 thru 57)
				59.	<b>TOTAL LIABILITIES AND EQUITY (35+46+50+58)</b>

(3005b) Operating Report for Privately-Held Rate of Return Carriers  
Balance Sheet - Data Collection Form  
Page 2 of 3

FCC Form 481  
OMB Control No. 3060-0986  
July 2013

<010> Study Area Code  
<015> Study Area Name  
<020> Program Year  
<030> Contact Name - Person USAC should contact regarding this data  
<035> Contact Telephone Number - Number of person identified in data line <030>  
<039> Contact Telephone Email Address - Email Address of person identified in data line <030>

<010> 442130  
<015> Peoples Telephone Cooperative, Inc.  
<020> 2015  
<030> Gene von Reym  
<035> 9038783172  
<039> genavr@peoplescom.net

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. Total Operating Expenses (8 thru 13)		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. Total Net Income or margins (21+27+28+29+30-26)		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins end-of-Period ((31+33+34)-(35+36+37+38))		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)		
44. Annual Debt Service Payments		
45. Cash Ratio ((14+20-10-11)/7)		
46. Operating Accrual Ratio ((14+20+28)/7)		
47. TIER ((31+28)/26)		
48. DSCR ((31+28+10+11)/44)		



(3005c) Operating Report for Privately-Held Rate of Return Carriers  
Balance Sheet - Data Collection Form  
Page 3 of 3

FCC Form 481  
OMB Control No. 3060-0986  
July 2013

<010> Study Area Code  
<015> Study Area Name  
<020> Program Year  
<030> Contact Name - Person USAC should contact regarding this data  
<035> Contact Telephone Number - Number of person identified in data line <030>  
<039> Contact Telephone Email Address - Email Address of person identified in data line <030>

<010> 442130  
<015> Peoples Telephone Cooperative, Inc.  
<020> 2015  
<030> Gena von Reyn  
<035> 9038783172  
<039> genavr@peoplescom.net

PART C. STATEMENTS OF CASH FLOWS	
1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)
CASH FLOWS FROM OPERATING ACTIVITIES	
2.	Net Income
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
3.	Add: Depreciation
4.	Add: Amortization
5.	Other (Explain)
Changes in Operating Assets and Liabilities	
6.	Decrease/(Increase) in Accounts Receivable
7.	Decrease/(Increase) in Materials and Inventory
8.	Decrease/(Increase) in Prepayments and Deferred Charges
9.	Decrease/(Increase) in Other Current Assets
10.	Increase/(Decrease) in Accounts Payable
11.	Increase/(Decrease) in Advance Billings & Payments
12.	Increase/(Decrease) in Other Current Liabilities
13.	Net Cash Provided/(Used) by Operations
CASH FLOWS FROM FINANCING ACTIVITIES	
14.	Decrease/(Increase) in Notes Receivable
15.	Increase/(Decrease) in Notes Payable
16.	Increase/(Decrease) in Customer Deposits
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital
20.	Less: Payment of Dividends
21.	Less: Patronage Capital Credits Retired
22.	Other (Explain)
23.	Net Cash Provided/(Used) by Financing Activities
CASH FLOWS FROM INVESTING ACTIVITIES	
24.	Net Capital Expenditures (Property, Plant & Equipment)
25.	Other Long-Term Investments
26.	Other Noncurrent Assets & Jurisdictional Differences
27.	Other (Explain)
28.	Net Cash Provided/(Used) by Investing Activities
29.	Net Increase/(Decrease) in Cash
30.	Ending Cash



**ARNOLD, WALKER, ARNOLD, & Co., P.C.**  
*Certified Public Accountants and Consultants*

Bob J. Arnold, C.P.A., P.F.S.  
 Lanny G. Walker, C.P.A., P.F.S.  
 Kris Arnold, C.P.A., P.F.S.  
 Andrew T. Arnold, C.P.A.  
 Melissa J. Godfrey, C.P.A.  
 Amy E. Smith, C.P.A.

MEMBER  
 American Institute Of  
 Certified Public Accountants  
 Texas State Society Of  
 Certified Public Accountants

December 6, 2013

Peoples Telephone Cooperative, Inc. and Subsidiaries  
 Quitman, Texas

We have audited the financial statements of Peoples Telephone Cooperative, Inc. and Subsidiaries for the year ended September 30, 2013, and have issued our report thereon dated December 6, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 20, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Peoples Telephone Cooperative, Inc. and Subsidiaries are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimates of the depreciable lives of assets is based upon a range of lives generally used by telecommunications service entities. Management's estimates of liabilities of postretirement benefits other than pensions is based upon actuarial reporting.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 6, 2013.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Peoples Telephone Cooperative, Inc. and Subsidiaries and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.